

**Congress of the United States**  
**House of Representatives**  
**Washington, DC 20515-1317**

June 13, 2023

Under Secretary Xochitl Torres Small  
Under Secretary for Rural Development  
United States Department of Agriculture  
1400 Independence Ave SW  
Washington, DC 20228

Dear Deputy Secretary Torres Small,

I write to you today on behalf of Freeport, Illinois, a community in the northwestern region of Illinois that I represent. Freeport currently qualifies for the United States Department of Agriculture's (USDA) Rural Development Loan Programs. However, Freeport is slated to lose its "rural in nature" designation later this year. This would remove Freeport's eligibility for many of USDA's rural housing programs, notably and most vitally the 502 Guaranteed Loan Program. Freeport's population is almost 24,000, just over the designation's 20,000 threshold. The loss of access to the 502 Guaranteed Loan Program would be devastating to the community.

The 502 Guaranteed Loan Program helps lenders work with low-and moderate-income households in rural areas to make homeownership a reality. This loan is often the only option for purchasing or improving a home in rural communities, where access to mortgage financing is limited. The 502 Guaranteed Loan Program in Freeport is vital and allows residents access to safe, and affordable housing. In addition, residents use these loans to purchase, build, rehabilitate, and improve housing stock.

The City of Freeport's 2020 Comprehensive Plan addresses several housing-related topics.<sup>1</sup> A central concern is the unmaintained, aging homes that burden homeowners and potential homebuyers due to the cost of rehabilitation. The 502 Guaranteed Loan Program provides access to financial resources to redevelop these properties for the purpose of market-rate workforce housing – the foundation of a successful housing rehabilitation strategy.

Furthermore, mortgage lenders in the area champion the 502 Guaranteed Loan Program as the leading and favored loan type for current and potential homeowners for two reasons. First, the loan program guidelines are most attractive for first-time homebuyers and buyers with limited financial options. Second, the program provides a 90% loan note guarantee to approved lenders to reduce the risk of extending 100% loans to low-and moderate-income homebuyers. For example, one lender in the area, Citizens State Bank, has issued 104 loans totaling more than \$6.6 million in access to homeownership investment over the past five years. More loans would have been procurable if not for the community's highly competitive housing market and inventory challenges.

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<sup>1</sup> [https://drive.google.com/file/d/1cRclPyHd9Oa\\_BIgdXK69xZMdo67uDL10/view](https://drive.google.com/file/d/1cRclPyHd9Oa_BIgdXK69xZMdo67uDL10/view)

The 2023 Stephenson County Housing study indicates that 49% (2,290) of renters are considered cost-burdened in Freeport, which is the highest in an entire region that includes Stephenson, Ogle, Lee, Jo Daviess, Carroll, and Whiteside Counties. Of households with a mortgage in Freeport, 16.8% (1,060) are currently housing cost-burdened. Therefore, it is imperative that the 502 Guaranteed Loan Program remains accessible and available to renters in their transition to homeownership which is often more affordable than renting. Homeownership is a central part of Freeport's thriving community, and most residents in the area can finance that dream of homeownership with a USDA loan.

USDA has made exceptions for Freeport in the past, most recently in 2018. I request that this exception be made again.

Sincerely,

A handwritten signature in black ink, appearing to read "Eric Sorensen". The signature is fluid and cursive, with a large initial "E" and "S".

Eric Sorensen  
Member of Congress